

Message Text

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ORIGIN EA-14

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 INR-10 NSAE-00

PA-04 RSC-01 USIA-15 PRS-01 SPC-03 /074 R

DRAFTED BY:EA/P:STAFF

APPROVED BY:EA/P:AHROSEN

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R 31,237Z OCT 73

FM SECSTATE WASHDC

TO AMEMBASSY SAIGON

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMEMBASSY PHNOM PENH

AMEMBASSY RANGOON

AMEMBASSY SEOUL

AMEMBASSY SINGAPORE

AMEMBASSY TAIPEI

AMEMBASSY VIENTIANE

AMEMBASSY WARSAW

AMEMBASSY WELLINGTON

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMCONSUL HONG KONG

AMCONSUL NHA TRANG

USDEL JEC PARIS

USLO PEKING

USSAGE NAKHON PHOM

CINCPAC HONOLULU

COGARD POLAD

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E.O. 11652 N/A

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TAGS: PFOR, XC, US

SUBJECT: OCTOBER 31 EA PRESS SUMMARY

INDOCHINA

1. US CHARGES NVN BUILDUP IN SVN, WARNS AGAINST BELLIGERENC
MOST PAPERS FEATURE MCCLOSKEY'S BRIEFING IN WHICH
HE RELEASED COPIES OF PROTEST NOTE DELIVERED TO
DRV REPRESENTATIVES IN PARIS CHARGING NVN WITH SHIPPING
VAST QUANTITIES OF WAR MATERIEL AND LARGE NUMBERS
OF TROOPS TO SVN IN VIOLATION OF THE C-F, AND OF
HAMPERING WORK OF ICCS. SUCH ACTION, HE SAID, "RAISES
IN OUR MINDS THE POSSIBILITY OF A NVN OFFENSIVE."
MCCLOSKEY WARNED THAT HANOI IN PAST HAS MADE "SERIOUS
MISCALCULATIONS" OF US RESPONSE TO SUCH MOVES, AND
"IF NVN UNDERTAKES A MAJOR ACTION, WE WILL HAVE
TO JUDGE THAT IN LIGHT OF CIRCUMSTANCES". BUILDUP
INCLUDED AN INCREASE OF 20,000 NVN COMBAT TROOPS
IN BATTALION SIZE OR LARGER UNITS SINCE C-F, EXTENSIVE
ROAD AND AIRFIELD CONSTRUCTION, AND HEAVY EQUIPMENT.
MCCLOSKEY DENIED NVN CHARGES OF US TROOP PRESENCE
AND MILITARY EQUIPMENT INCREASES IN SVN. MACLEAN
(CHITRIB) SAYS SPOKESMAN MADE VEILED THREAT OF US
MILITARY INTERVENTION IN SOME FORM DESPITE CONGRESSIONAL
LIMITATIONS; QUOTES CONGRESSIONAL SOURCES THAT HARD

LINE DESIGNED TO DISCOURAGE HANOI FROM PROBING
FOR ADVANTAGE AS RESULT OF US DOMESTIC SCANDALS.
SUN ADDS THAT INTELLIGENCE ANALYSTS SEE NVN STRENGTH
IN SVN NOW AS HIGHER THAN BEFORE EASTER OFFENSIVE
AND NO LONGER OFFSET BY US FORCES BUT WOULD MAKE
NO PREDICTIONS, THOUGH US CONCERNED WITH HARD LANGUAGE
IN NVN PRESS THAT APPEARS TO PREPARE POPULATION
FOR RENEWED FIGHTING. WP QUOTES SVN SPOKESMAN THAT
GVN CERTAIN THAT COMMUNISTS PREPARING FOR NEW OFFENSIVE
AND INDICATING PRE-EMPTIVE ACTION POSSIBLE (ALSO
AP, NYT; PHINQ).

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2. FIELD OFFICERS SAY FANK DRIVE TO REOPEN ROUTE
5, 10 MILES FROM PP, STALLED BY KI MORTAR BARRAGE
(UPI NYT, NYDN; PHINQ). FANK FIELD OFFICER STATES
30 KI AND 50 GKR TROOPS AND CIVILIANS KIA IN 3 DAYS
OF HEAVY FIGHTING ON ROUTE 5, GKR OFFICIAL SAYS
30 KI WITHDREW TO EAST BANK OF TONLE SAP RIVER AFTER
FUTILE ATTEMPTS TO OCCUPY GKR POSITIONS; FANK MAY
BE CLOSE TO LINKUP ON ROUTE 5 IN SECTOR RECENTLY
SEIZED BY KI. ENEMY KEEP UP PRESSURE ON VIHEAR
SUOR, 15 MILES NE OF PP (REUTER).

3. TALBERT (PHINQ) WRITES THAT ERROL FLYNN'S 28-
YEAR OLD SON SEAN MAY BE BECOMING GREAT AMERICAN
FOLK HERO. ONE OF 20 MIA JOURNALISTS STILL UNACCOUNTED
FOR IN INDOCHINA, SEAN WAS FREE-LANCE TIME PHOTOGRAPHER
WHEN CAPTURED IN CAMBODIA IN 1970. VOICES IN VITAL

AMERICA (VIVA), DISTRIBUTORS OF POW-MIA BRACELETS, HAS SENT SEAN FLYNN BRACELETS TO TV, RADIO AND NEWSPAPER JOURNALISTS. ADDITIONALLY, DORE SCHARY BOUGHT FILM RIGHTS TO HARPER'S ARTICLE ON FLYNN AND DANA STONE, ANOTHER MIA.

4. NIHON DENPA CORRESPONDENT HASHIDA IN TOKYO-DATELINED ARTICLE REPORTS THAT HE INTERVIEWED CAPTURED US PILOT EMMET KAY IN PL PART OF LAOS. KAY IDENTIFIED AS FORMER B-52 PILOT EMPLOYED BY CONTINENTAL AIR SERVICES, UNDER CONTROL OF CIA, WHEN SHOT DOWN TRANSPORTING 6 MEO MERCENARIES IN MAY. HASHIDA QUOTED KAY THAT HE IS WELL TREATED BY PL (WHO WOULD NOT DISCLOSE WHEN WILL RELEASE HIM); ALSO QUOTED KAY'S DENUNCIATION OF PRES. NIXON FOR LYING ON END-THE-WAR PROMISES (UPI S-N, PHINQ).

5. ARVN SPOKESMAN REPORTS SAME NVA DIVISIONS HAT LAUNCHED 1972 OFFENSIVE AGAINST AN LOC RECENTLY CROSSED FROM CAMBODIA TO PLANTATION AREA NORTH OF

SAIGON (UPI, NYDN). GVN GRANTS AMNESTY TO 822 COMMON CRIMINALS TO MARK NOV. 1 NATIONAL DAY (AP). MCCOMBS (WP) FROM DELTA VILLAGE OF KIM SON IN DINH TUONG UNCLASSIFIED

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PROVINCE WRITES OF WEEK-OLD BATTLE THAT CLAIMED 50 KIA ON EACH SIDE IN STRUGGLE FOR RICE, SEES IT TYPICAL OF MURKY STRUGGLE IN DELTA WHERE TROOPS CLASH, VILLAGERS LIVE IN FEAR AND CONTROL IS UNCERTAIN.

CHINA

6. NYT DISPATCH FROM CANTON TRADE FAIR REPORTS THAT, ON SURFACE, NEGOTIATIONS BETWEEN US BUYERS AND PRC TRADE OFFICIALS PROCEED IN FRIENDLY, RELAXED ATMOSPHERE; POLITICAL ISSUES ARE AVOIDED AND AMERICANS ARE IMPRESSED WITH WARMTH OF CHINESE HOSPITALITY. BUT IN PRIVATE, EACH SIDE SHOWS SOME IRRITATION WITH ATTITUDES OF THE OTHER, MARKING GAP EXISTING IN APPROACHES TO DEVELOPMENT OF SINO-US TRADE. US BUYERS HAVE BECOME MORE DEMANDING IN THEIR SPECIFICATIONS, ARE CONCERNED AT STEEP PRICE INCREASES AND SHRINKAGE IN FABRICS AND AT INACCURATE CHINESE UNDERSTANDING OF US MARKET. ON OTHER SIDE, PRC OFFICIAL TOLD ASIAN VISITOR: "WE ARE NOT GOING TO DO BUSINESS WITH THOSE AMERICANS WHO DEMAND WE PUT THEIR LABELS ON OUR PRODUCTS, COMPLAIN ABOUT DESIGN AND STANDARDS AND PRESS US TO GIVE THEM THE EXCLUSIVE RIGHT TO DISTRIBUTE AN EXPORT COMMODITY." BUT "OLD HANDS" AT CANTON -- MEANING ANYONE WHO HAS VISITED PREVIOUS FAIR -- BELIEVE GAP BETWEEN AMERICAN DEMANDS AND

CHINESE PREPAREDNESS WILL NARROW SOON, AND FEEL CHINESE HAVE BECOME SOMEWHAT MORE RECEPTIVE TO US BUSINESSMEN'S PROPOSALS. ACTUALLY A FEW PRICES HAVE DROPPED SINCE SPRING FAIR, OTHERS ARE GENERALLY UNCHANGED. ABOUT 100 US COMPANIES WERE INVITED TO FAIR AND ABOUT 200 AMERICANS EXPECTED TO HAVE VISITED FAIR BY NOV. 15; MEANWHILE, MORE THAN 2,000 JAPANESE AND 1,000 EUROPEANS ARE THERE. SINO-US TRADE THIS YEAR EXPECTED TO TOTAL 900-MILLION DOLLARS; ONLY ABOUT 50-MILLION DOLLARS OF THAT WILL REPRESENT CHINESE EXPORTS. PRC EXPECTED TO DEMAND MORE FAVORABLE BALANCE AFTER PERIOD OF TIME.

7. IMF SOURCES SAY PRC APPLIED FOR MEMBERSHIP, BUT FUND'S EXECUTIVE BOARD DEFERRED DECISION AT UNCLASSIFIED

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CLOSED SESSION MONDAY. REVEALING FIRST DETAILS OF PRC LETTER RECEIVED BY IMF AND WORLD BANK SEPT. 25, FUND SOURCES SAY IT EMPHASIZED THAT CHINA WAS ONE OF ORIGINAL 29 SIGNATORIES TO BRETTON WOODS

AGREEMENT SETTING UP FUND AND CLAIMED THAT CHIANG REGIME HAS BEEN IMPROPERLY OCCUPYING CHINESE SEAT (REUTER).

8. PRES. NIXON SENDS CHIANG BIRTHDAY GREETINGS AND CONGRATULATIONS FOR WHAT GRC "HAS ACCOMPLISHED UNDER YOUR LEADERSHIP" (NYT, WP).

JAPAN

9. JOC'S CULLISON, IN TOKYO, SAYS HEAVY DEPENDENCE ON MIDEAST OIL IS FORCING JAPAN TO RECONSIDER ITS NEUTRALITY IN ARAB-ISRAELI CONFLICT. JAPAN'S LEADERS HAD THOUGHT THEY WERE FOLLOWING SLIGHT PRO-ARAB POLICY LINE AND THAT ARABS WOULD CONSIDER THIS IN ALLOCATING OIL SHIPMENTS; THIS HAS NOT PROVED TO BE CASE.

10. AGREEMENTS REACHED BY OHIRA AND WHITLAM IN 2-DAY TOKYO MEETING ARE NOTED (AP, NYDN; WP; JOC). SUN'S PEPPER, IN TOKYO, REPORTS WELL-INFORMED SOURCES SAYING THAT AUSTRALIA'S DECISION TO MOVE AHEAD WITH JAPAN TRADE TREATY CAME MAINLY FROM WHITLAM. HOWEVER, JAPANESE WERE LEFT WITH CONSISTENTLY VAGUE PICTURE OF AUSSIE MINERAL RESOURCES AND LIKELY EXPORT LEVELS AFTER MEETING. NYT'S HALLORAN, IN TOKYO, SAYS JAPAN-AUSTRALIA PACT WILL CULMINATE "REMARKABLE SHIFT" IN RELATIONS BETWEEN THEM IN RECENT YEARS THAT HAS POTENTIALLY STRONG IMPLICATIONS FOR ENTIRE REGION IN ECON AND POLITICAL TERMS. WP SAYS WHITLAM FLOATED HIS IDEA OF AN ASPAC ORGANIZATION PATTERNED AFTER

OAS, BUT OHIRA, "FRANKLY SPEAKING", DIDN'T THINK
"TIME IS QUITE MATURE AS YET."

11. IN MONDAY TOKYO CEREMONY, "JAPAN FOUNDATION,"
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CREATED BY GOJ, PRESENTED JOHN ROCKEFELLER III AND
ISAAC SHAPIRO OF JAPAN SOCIETY OF NY CHECK FOR 35,000
DOLLARS (REUTER, LAT, OCT. 30).

12. NAKASONE SAYS MITI IS RESTUDYING PLANS TO CURTAIL
USE OF OIL DUE TO RECENT DECISIONS BY WESTERN OIL
MAJORS TO CUT BACK SUPPLIES.

13. JAPANESE SHIPPING COMPANIES APPLAUD FEDERAL
MARITIME COMMISSION ACTION ALLOWING SHIPS ARRIVING
AT US PORTS TO DISCHARGE CARGO DESTINED FOR SEVERAL
PORTS; JAPANESE FEEL THIS WILL DIRECTLY BENEFIT
JAPANESE CARGO LINERS ON ROUTES BETWEEN JAPANESE

AND US PORTS (JOC).

14. JAPANESE STEEL EXPORTS TOTALED 2.3 MILLION
TONS IN SEPT. ON SHIPMENT BASIS, UP 15 PERCENT FROM
AUG. AND 7.6 PERCENT FROM YEAR EARLIER, REPORTS
JAPAN IRON AND STEEL FEDERATION (WSJ). MITI ANNOUNCES
JAPAN HAD CUMULATIVE BALANCE-OF-PAYMENTS DEFICIT
OF 5.4-BILLION DOLLARS IN FIRST HALF (APRIL-SEPT.)
OF THIS FINANCIAL YEAR COMPARED WITH 2-BILLION SURPLUS
YEAR BEFORE (REUTER, NYT).

THAILAND

15. RTG CONFISCATES ASSETS OF THANOM, PRAPHAS AND
NARONG, SETS UP COMMITTEE TO INVESTIGATE CORRUPTION
CHARGES AGAINST THEM (AP, NYDN; CSM). AP (NYT)
BANGKOK REPORTS RTG ACTED IN REPLY TO DEMANDS FROM
STUDENTS AND PRESS THAT OUSTED LEADERS BE STRIPPED
OF RANK AND FORTUNES TO IMPEDE ANY ATTEMPTED RETURN
TO POWER. PALACE SOURCES SAY KING RECEIVED LETTER
SIGNED BY 800 THAI STUDENTS IN US DEMANDING
SUCH ACTION, AND LEAFLET SIGNED BY ORGANIZATION
CALLING ITSELF "BLACK OCTOBER" HAS DEMANDED THAILAND
CONSIDER AS ENEMY ANY COUNTRY GIVING ASYLUM TO THE
THREE.

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16. PHINQ FOOD EDITOR REPORTS THAT PRAPAKORN
YUTHASSASTRKOSOL, "SON OF THE DEPUTY PRIME MINISTER"

OF THAILAND, AND WIFE CHARIN ENTERTAINED AMB.-DESIGNATE KINTNER AT TRADITIONAL THAI DINNER IN PHILA. RECENTLY. ARTICLE HAS PICTURE OF DINERS AND SOME OF PRAPAKORN'S RECIPES.

TRANS-PACIFIC SPORTS

17. AP (CSM) QUOTES BASEBALL COMMISSIONER KUHN AS EXPECTING MAJOR LEAGUE EXPANSION IN NEXT FEW YEARS MAY INCLUDE TEAMS FROM TOKYO, OSAKA, TAIPEI AND MANILA, WITH POSSIBILITY OF OCT. 1984 WORLD SERIES BETWEEN NY YANKEES AND PEKING REDS. REPORT SAYS, "JAPANESE BASEBALL IS VERY WELL DEVELOPED AND WELL SUPPORTED. . . WITH IMPROVED RELATIONS BETWEEN THE WEST AND MAINLAND CHINA AND WITH AIR TRAVEL SPEEDS INCREASING ALL THE TIME, THERE IS NO REASON WHY ATHLETIC TEAMS FROM THE ORIENT COULD NOT ENTER INTO REGULAR COMPETITION WITH WESTERN HEMISPHERE TEAMS."

OFFSHORE PACIFIC OIL VENTURES

18. SHELL OIL PRES. TELLS SECURITY ANALYSTS OF SAN FRANCISCO THAT COMPANY IS ENTERING NEW EXPLORATION AND DEVELOPMENT VENTURES IN OFFSHORE NZ AND IN BOTH OFFSHORE AND ONSHORE INDONESIA. IN INDONESIA, SHELL HAS AGREEMENT TO EARN HALF OF SUPERIOR OIL'S 50 PERCENT INTEREST IN 30-MILLION ACRE CONCESSION IN ARAFURA SEA AND ONSHORE W. IRIAN, WITH DRILLING TO START NEXT YEAR. IN NZ, SAYS SHELL IN PROCESS OF ACQUIRING ONE-SIXTEENTH INTEREST IN MAUI GAS FIELD AND ONE-EIGHTH INTEREST IN EXPLORATION LICENSE COVERING SEVEN MILLION ACRES -- BOTH IN OFFSHORE TARANSKI BASIN (JOC).

COMMENT AND ANALYSIS
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19. LAT'S MCARTHUR (OCT. 30) IN SAIGON REPORTS THIEU'S THOUSAND DOLLAR DONATION TO FOUNDATION COMMEMORATING DIEM. DISCLOSURE MADE IN NEWSPAPER WHICH ANNOUNCED THAT OFFICIAL MEMORIAL RITES HONORING DIEM WILL BE HELD NOV. 2. MCARTHUR NOTES THAT THERE HAS BEEN A GROWING MOVEMENT TO "REHABILITATE" DIEM'S MEMOR?, AND FOR ALL PRACTICAL PURPOSES THIEU MADE IT OFFICIAL LAST YEAR WHEN - PARALLEL WITH CEREMONIES CELEBRATING THE ARMY COUP AGAINST DIEM AS VN'S NATIONAL DAY - HE PERMITTED OFFICIAL CEREMONIES AT DIEM'S UNMARKED GRAVE. AN ORGANIZING COMMITTEE OF ABOUT 60 POLITICAL AND MILITARY FIGURES HAS ALREADY COLLECTED 5000 DOLLARS TO START A FOUNDATION IN DIEM'S MEMORY AND DISTRIBUTED INVITATIONS TO THIS YEAR'S CEREMONIES. THIEU HAS

LONG FOUND IT EXPEDIENT TO IDENTIFY HIMSELF WITH DIEM; IT STRENGTHENS SUPPORT FROM THE STILL ACTIVE MEMBERS OF DIEM'S ROMAN CATHOLIC POLITICAL PARTY AND ENHANCES HIS IMAGE AS A NATIONALIST FIGURE INDEPENDENT OF US SUPPORT, A TOUCHY POLITICAL SUBJECT IN SAIGON. A NUMBER OF BUDDHISTS, WHO GLOSS OVER THE STRONGARM ANTI-BUDDHIST MEASURES WHICH LARGELY CONTRIBUTED TO DIEM'S OVERTHROW, HAVE ALSO TAKEN UP DIEM'S REHABILITATION.

20. FROM SAIGON, LAT'S MCARTHUR (OCT. 29) CITES NEWSLETTER OF GVN-CREATED INVESTMENT SERVICE CENTER CHARGING THAT US BUSINESSMEN ARE TOO TIMID TO DO BUSINESS IN SVN. CONCERNED THAT OFFICIAL USG GUARANTEES OF OPIC HAVE NOT BEEN EXTENDED TO SVN, NEWSLETTER DECLARES THAT AMERICANS SUFFER FROM "OPIC MANIA," AND THAT THEY "ATTACH ALMOST HYSTERICAL IMPORTANCE TO OPIC." MCARTHUR ATTRIBUTES IRE OF CENTER TO FAILURE OF EXPECTED FLOW OF POST C-F US INVESTMENT TO MATERIALIZE. OBSERVES THAT APART FROM OFFSHORE OIL EXPLORATION AGREEMENTS WITH FOUR INTERNATIONAL COMPANIES, GVN HAS BEEN ABLE TO ATTRACT VERY LITTLE FOREIGN INVESTMENT SO FAR DESPITE NEW LAW WHICH, ON PAPER, OFFERS LIBERAL INDUCEMENTS AND GUARANTEES. HOWEVER, ASSERTS THAT LAW DOES NOTHING TO DAMPEN THE SHOOTING WHICH CONTINUES AT A DISTURBING UNCLASSIFIED

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RATE, OR TO SOLVE THE WIDESPREAD CORRUPTION WHICH OFTEN MAKES DOING BUSINESS A COSTLY PROCESS OF PAYING OFF.

21. PROMPTED BY OCT. 30 ANNOUNCEMENT OF US FORMAL PROTEST AGAINST NVN C-F VIOLATIONS AND IN CONTEXT OF US-USSR DESIRE FOR DETENTE, WP'S MARDER COMMENTS

ON INVOLVEMENT OF BOTH SUPERPOWERS IN EFFORTS TO SETTLE VN AND ME WARS. IN VN NEGOTIATIONS, USSR AND US SHARED A MUTUAL INTEREST TO EXTRICATE THEMSELVES FROM RISK OF CONFRONTATION. AS ARMS SUPPLIERS TO OPPOSING SIDES, THEY DID NOT FIND IT EASY TO SHAKE LOOSE FROM THE WAR: THEY WERE LONG HELD HOSTAGE BY THEIR CLIENT STATES' ABILITY TO CRY BETRAYAL. WHEN THE SUPERPOWERS DID LARGELY PULL FREE FROM MASSIVE INVOLVEMENT IN INDOCHINA WAR, THEY DID NOT LEAVE PEACE BEHIND THEM, BUT LOCALIZED WAR, FROM WHICH THE NUCLEAR POWERS HOPE THEY ARE NOW INSULATED. THE DIPLOMATIC CHALLENGE OF EXTRACTING THE SUPERPOWERS FROM THE ME CONFLICT IS IMMENSELY GREATER BECAUSE THE STAKES ARE MUCH HIGHER. IN EFFECT, THE TWO SUPERPOWERS ARE TELLING ISRAEL AND EGYPT THAT THEIR CONFLICT IS TOO VITAL TO THE SUPERPOWERS' OWN

INTEREST TO LET IT REVERT, LIKE THE VN WAR, TO NON-SETTLEMENT BETWEEN ADVERSARIES. BUT IF EITHER ISRAEL OR EGYPT SUSPECTS THAT ITS INTERESTS ARE BEING SOLD OUT, IT CAN BE COUNTED ON TO CRY BETRAYAL FAR MORE AUDIBLY THAN EITHER NVN OR SVN HAS DONE. CONCLUDES THAT THIS DIPLOMATIC STRUGGLE IN THE CENTER OF THE WORLD'S STAGE CANNOT BE LEFT UNRESOLVED OR HALF-SETTLED WITHOUT LASTING DAMAGE TO THE SUPERPOWERS THEMSELVES.

22. GLOBE'S WEINTRAUB (OCT. 30) SOLICITS REACTIONS OF BOSTON AREA SCHOLARS TO SULZBERGER INTERVIEW WITH CHOU IN WHICH LATTER SAID US-PRC DETENTE REMAINS UNAFFECTED BY WATERGATE. CHINA SCHOLARS NOTED THAT CHOU'S REMARKS TENDED TO REENFORCE PRC'S DETENTE POLICY OF DEVELOPING RELATIONS WITH THE US AND WE NATIONS AS A COUNTER TO USSR. RE SECRETARY'S UNCLASSIFIED

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IMPENDING VISIT TO PEKING, DD KLEIN OF TUFTS SAID CHOU SEEMED TO BE SAYING IN EFFECT: "WE KNOW WASHINGTON IS SHAKING, BUT COME AHEAD AND WE WILL PROCEED WITH THE AGENDA." ONE ISSUE ON THE AGENDA WILL LIKELY BE THE STATUS OF US-PRC DIPLOMATIC RELATIONS, WHICH CHOU SAID WOULD NOT LIKELY BE NORMALIZED UNTIL US WITHDRAWS RECOGNITION AND SUPPORT FOR TAIWAN. BUT CHOU SAID THE LIAISON OFFICES AND THE GENERAL FLOW OF VISITORS BETWEEN THE TWO COUNTRIES OVER THE LAST FEW YEARS HAVE BEEN HELPFUL IN CREATING FRIENDLIER RELATIONS. BEN SCHWARTZ OF HARVARD ASSERTS THAT MANY SINO-US DIFFERENCES ARE STILL OPEN, ADDING THAT AT THE MOMENT THERE CAN BE

NO DOUBT THAT THE CHINESE WANT A STRONG AMERICA. EZRA VOGEL OBSERVES THAT CHOU HAD BEEN TALKING WITH VISITING AMERICAN DELEGATIONS FOR THE PAST SEVERAL MONTHS ON THE POSSIBLE EFFECTS OF WATERGATE ON US-PRC RELATIONS; VOGEL SAID CHOU HAD BEEN TOLD IT WON'T HAVE ANY EFFECT AND EXPRESSED BELIEF CHOU WAS REFLECTING THAT VIEW IN THE SULZBERGER INTERVIEW. ON OTHER HAND, OJHA OF BOSTON U. CONTENTS THAT THE INTERVIEW COULD BE READ AS AN INDICATION THE CHINESE ARE WORRIED THAT A MAJOR ELEMENT OF THEIR FOREIGN POLICY - RELATIONS WITH THE US - COULD BE WEAKENED BY WATERGATE: "THERE IS SOME WORRY THAT THE KISSINGER-NIXON POLICIES MAY NOT BE PERMANENT. THERE WERE TWO OR THREE REFERENCES AND YOU DON'T SAY THINGS LIKE THAT UNLESS YOU ARE WORRIED." ON THE CHINESE DOMESTIC FRONT, ALL SCHOLARS NOTE VIGOROUS DEBATE GOING ON OVER HOW FAR TO GO IN MOVING AWAY FROM GPCR POLICIES. IN THIS CONTEXT, KLEIN NOTES WITH INTEREST CHOU'S STATEMENT THAT IT WOULD TAKE CHINA

"SEVERAL DECADES" TO FULLY DEVELOP THE NATION'S ECONOMY, A SHARP CONTRAST TO THE "GREAT LEAP FORWARD" AIMS OF EARLIER YEARS.

23. FROM PEKING, NYT'S SULZBERGER OBSERVES THAT GOSSIP AMONG FOREIGN DIPLOMATS AND JOURNALISTS CURRENTLY CENTERS ON THE STRUGGLE BETWEEN THE SO-CALLED RIGHT - UNCLASSIFIED

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AND LEFT-WING FACTIONS OF THE CCP, BUT EXPRESSES VIEW THAT WHAT HAPPENS WHEN MAO AND CHOU ARE GONE IS BY FAR THE BIGGEST QUESTION TODAY IN CHINA. IT IS NOT ONLY A QUESTION OF CHINA'S INTERNAL ADMINISTRATION; IT IS EVEN MORE IMPORTANT TO THE INTERNATIONAL POWER BALANCE. THERE ARE HINTS THAT TWO RIVAL FACTIONS ARE ALREADY FORMING FOR A SUCCESSION STRUGGLE AND THAT MOSCOW HAS PLANTED AGENTS IN CHINA TO TRY AND INSURE THAT WHATEVER GROUP SUCCEEDS, IT WILL PREFER A PRO-SOVIET LINE TO A RELATIVELY PRO-US LINE.

24. CHITRIB'S KIRK IN TOKYO CITES GAYLORD FREEMAN, CHAIRMAN OF FIRST CHICAGO CORP., AS SHARPLY DISPUTING JAPANESE VIEW THAT JAPAN IS SERIOUSLY "LIBERALIZING" ITS POLICIES TOWARD FOREIGN INVESTMENT. FREEMAN CHARGES THAT "THE RESISTANCE TO PERMIT A WHOLLY FOREIGN-OWNED OPERATION TO COME HERE IS CONTINUING," AND OBSERVES THAT JAPANESE AGENCIES, ON ALL LEVELS OF GOVERNMENT, DISCOURAGE SUCH INVESTMENT BY A WELTER OF TECHNICAL DEVICES AND LITERAL INTERPRETATION OF REGULATIONS. AT SAME TIME, HOWEVER, FREEMAN SEEMED PLEASED WITH FIRST CHICAGO'S OWN INVESTMENT IN JAPAN ,

A BRANCH IN TOKYO'S FINANCIAL DISTRICT. FREEMAN AND OTHER FIRST CHICAGO BOARD DIRECTORS ARE CONTINUING TOUR TO SINGAPORE, WHERE THEY WILL HOLD FORMAL BOARD MEETING.

25. SOUTHERLAND (CSM) REPORTS FROM SAIGON OF COMMUNIST ECONOMIC OFFENSIVE, RESULTING IN RISING PRICES AND ECONOMIC STAGNATION. THIS COULD UNDERMINE GVN MORE EFFECTIVELY THAN MILITARY ACTION, SO VC/NVA MAY POSTPONE MILITARY OFFENSIVE. MARKETING SYSTEM IS DISRUPTED AND VC PAY BIG FOR LARGE QUANTITIES OF GOODS, RUNNING PRICES UP. GVN RESPONSE IS ECONOMIC BLOCKADE OF PRG AREAS THAT MAY NOT BE TOO EFFECTIVE. SVN SUFFERING FROM LOSS US MILITARY SPENDING, RISING INTERNATIONAL PRICES, AND BURDEN OF HUGE MILITARY AND CIVIL SERVICES. PUBLIC CONFIDENCE SHAKEN BY ABORTIVE VALUE-ADDED TAX, BY INEFFECTIVE GVN EFFORTS UNCLASSIFIED

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TO CONTROL RICE THAT OPENED NEW OPPORTUNITIES FOR CORRUPT OFFICIALS AND MAY IN END REDUCE PRODUCTION, AND BY RECENT SUGAR SCANDAL THAT INVOLVED INSIDERS BEING TIPPED OFF IN ADVANCE OF GVN DECISION TO RAISE SUGAR PRICES. GVM REACTION TO ECON AND FINANCIAL PROBLEMS HAS BEEN TO RESHUFFLE SEVERAL KEY MINISTRIES.

26. LESLIE (LAT) REPORTS AS PART OF ITS BEAUTIFICATION CAMPAIGN, SAIGON IS REMOVING PROSTITUTES, PICKING THEM UP FOR MEDICAL EXAMINATION AND THEN NOMINAL FINE OR JAIL. ABOUT 50 PER NIGHT BEING TAKEN IN, SO JOB MAY LAST SEVERAL YEARS. WITH DEPARTURE OF AMERICANS AND RECENT HARD TIMES, CITY HAS HIGH POPULATION OF GIRLS ON STREETS. VD IS UP, SOCIAL WORKERS DISTURBED, AND PRESENT POLICE MEASURES ARE PROBABLY NO MORE EFFECTIVE THAN EARLIER ONES BUT MAY SERVE TO GET THE GIRLS OFF THE DOWNTOWN STREETS. RECENT SURVEY OF 450 PROSTITUTES SHOWED THAT 62 PERCENT WANT TO CONTINUE DOING THEIR OWN THING. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 11 MAY 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE214841
Document Source: ADS
Document Unique ID: 00
Drafter:
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731066/abqcejjk.tel
Line Count: 510
Locator: TEXT ON-LINE
Office: ORIGIN EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 10
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: willialc
Review Comment: n/a
Review Content Flags:
Review Date: 08 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08-Aug-2001 by reddocgw>; APPROVED <22-Aug-2001 by willialc>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 980311
Subject: OCTOBER 31 EA PRESS SUMMARY
TAGS: PFOR, US, XC, PFOR
To: SAIGON INFO BANGKOK
CANBERRA
JAKARTA
KUALA LUMPUR
MANILA
MOSCOW
PHNOM PENH

RANGOON
SEOUL
SINGAPORE
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HONG KONG
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JEC PARIS
PEKING
USSAGE NAKHON PHOM
CINCPAC HONOLULU
COGARD POLAD

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005